Editorial Comment
February

NATIONAL MUNICIPAL REVIEW

Vol. XXII, No. 2 Total No. 200

Abolish the Fee System

CONSIDER the delinquent tax collector of Allegheny County, Pa. Receiving a fee of 10 per cent on collections, his net commissions in 1930 were shown by a recent audit to have totalled $106,265.

Consider the town tax collector of New York state who receives a fee of one per cent if he collects taxes within 30 days of the due date, a fee of five per cent on taxes he collects after 30 days, and a fee of two per cent of taxes he does not collect at all!

Consider, too, the town supervisors of New York state most of whom are paid a fee of one per cent of the money they spend. On permanent improvements, they get two per cent, since they collect one per cent when the money is spent and one per cent when the bonds are retired.

These are examples picked at random to illustrate the operation of the fee system of compensation in local government in this country. State law after state law puts a premium upon inefficiency and extravagance through provisions for compensation on a fee basis. Pennsylvania and New York state are no worse than many others. Today, when economy in government is a necessity, it is essential that such provisions of law be subjected to critical scrutiny.

There was at one time justification for the fee system of compensation—it is, of course, a relic of pioneer days when all public officers were part-time officers and when the work of government was largely a matter of individual services to neighbors or passersby. The increased complexity of government as it relates to the fee system has had the following results: 1. overpayment of most officials and underpayment of some; 2. inefficiency in administration; 3. expansion of the spoils system; 4. development of the commercial attitude in public office.

The first two points are sufficiently obvious so that elaboration is unnecessary. The fee system has contributed to the increased distribution of political spoils through the pyramiding of fees under provisions of state law. The list of fees received by various local officials in most states would fill pages and pages. Relatively unimportant administrative positions have been converted into important political jobs through the piling of new fees on top of new fees. The commercial attitude in public office has been fostered by this system, naturally enough. A local official receives a fee every time he makes a move of any kind; and he is not likely to make a move unless he does receive a fee.

(Contnued on page 63)

New York's Governor Speaks Out

Inefficient Local Government Must Go, Colonel Lehman Declares

OUR local rural governments are still struggling along with machinery two hundred years old. They are now attempting to render forms of public service which were never dreamed of when they were first set up as units of administration. Even the most rural and sparsely populated have long since outworn the wheels of government with which they were equipped. And as we come to the more densely populated, the more suburban counties, towns and villages, it becomes obvious how hopeless, how futile, it is to try to make them function economically with their present administrative equipment. The wonder is that they can perform what they do, even with their extravagant and wasteful costs.

During the days of false prosperity taxpayers paid insufficient attention to their tax bills. While money was plentiful, the extravagance or wastefulness of local government was looked upon with comparative complacency. Times are now different. Taxpayers now appreciate the fact that every cent of direct tax which they pay goes to the support of local government alone—that none of it goes to Albany, and that none of it goes to Washington.

Much is to be desired, too, in the structure of city government generally in this state. The city of New York is not alone in this respect. The size of the metropolis, and the extent of its financial operations may unduly emphasize the defects of its administrative machinery, but equally grave defects exist in many of the other cities of the state. While the problems of the smaller cities are not so spectacular, they are equally important to their own citizens and taxpayers.

What are the important objectives for which we strive? What are the principal results which we seek in this movement toward the improvement of local rural and city government? Certain fundamentals lie at the basis of reform. They are:

1. The consolidation of the various agencies and functions of local government.

2. The reduction of all operating expenses made necessary by these times.

3. The rearrangement of local financial agencies in order definitely to fix budgetary responsibility.

4. The precise and complete fixation of administrative and executive responsibility.

These form the goal for which we should work.

HERBERT H. LEHMAN
(*Inaugural address*, 1933)

HEADLINES

Tax collections in Baltimore in 1932 reached 87.46 per cent of the total or 46 per cent more than the amount anticipated when the 1933 budget was drawn up. In these days of heavy delinquency, that's *news*.

* * *

At last some use has been found for "the law's delay." Judge Ira W. Jane of Detroit announces that the circuit court will aid home owners facing eviction or foreclosures by not taking up land contract cases for ten or twelve months and mortgage cases for six months providing the owners are living in their homes.

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The Philadelphia Real Estate Board has taken a leaf from the experience of North Carolina and is advocating state maintenance of the public schools in order to relieve real estate of the burden of school taxation.

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A ten per cent cut in salaries of municipal employees would be required before municipalities are entitled to state aid under the terms of a measure introduced into the Massachusetts legislature. State aid used to be an instrument for encouraging local expenditures—the gears are being shifted into reverse.

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Detroit is one city that has learned the value of non-partisan elections. The city election commission recently unanimously rejected the plea of the Democratic party that city election boards be organized on the bi-partisan instead of on the non-partisan basis.

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More than 1,500 bills were filed in the Massachusetts legislature under the petition procedure which permits anybody to propose legislation. Keeping government close to the people sometimes becomes a bit involved.

* * *

Economy bills which would save $3,500,000 a year in salaries alone have been introduced into the Missouri legislature at the instigation of Governor Park who was elected on an economy program. This is somewhat different from the popular method of economy which replaces two Republicans with one Democrat.

* * *

A constitutional convention to revise the constitution and to pave the way for basic reorganization of local government is being urged by the Kansas State Chamber of Commerce. Abolition of the township, county consolidation, school redistricting and improvement of assessment of property and tax collection procedure are objectives of the movement.

More than 50,000 Ohio school teachers are not receiving their full salaries and many of them have not been paid at all this year. The remedy, according to Professor Paul R. Mort of Columbia who made a survey of the situation, is to support the schools from revenues other than the general property tax which is breaking down. Public school revenues in Ohio this year are reported to have declined about thirty per cent.

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Lobbyists are barred from the floor and halls of the two houses of the Indiana legislature under the new regime led by Indiana's new governor, Paul V. McNutt, former national commander of the American Legion. The Hoosier capitol must be well nigh unrecognizable.

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Fifty-two administrative agencies of the state of New Hampshire would be consolidated into sixteen departments under the recommendations of the Institute for Government Research of the Brookings Institution which has just completed a survey of the state government.

* * *

Will Rogers and future generations of American humorists have lost a sure-fire hit. Effective October, 1933, there will be no more "lame ducks," at least in a technical sense. On January 23, Missouri—the thirty-sixth state to act—ratified the "lame duck" amendment to the constitution for which veteran progressive Senator Norris has been fighting lo, these many years.

* * *

City councilmen and other local legislators literally are between the devil and the deep blue sea these days. Take Rochester, N. Y. Faced with taxpayers' demands to cut the budget, the council slashed health service, libraries, schools, the museum. Such a storm of protest arose as has not been heard for years. Back went the items in the budget.

* * *

New York state's first relief loan from the Reconstruction Finance Corporation under the emergency relief act has been authorized by the directors of the corporation. The amount of $6,100,000 will be made available for current relief needs in February. Even the proud Empire State bows before the gale.

* * *

Reorganization of county government in Texas has been recommended by the County Judges and county commissioners association. Under the plan proposed, the chairman of the county board elected at large would serve as county manager. The board would be composed of four commissioners besides the chairman who would be nominated by precincts but voted on at large.

* * *

Proposal for a state legislative council, composed of representatives of the senate and the house, to be charged with the responsibility of preparing legislative programs for the biennial session through meeting periodically during the interim, has been recommended by the Kansas Chamber of Commerce.

* * *

A general sales tax of two per cent which is expected to provide $50,000,000 for relief purposes, is recommended by a legislative committee for Illinois. Sales tax proposals are sweeping the country these days. It's no longer a question of where the burden falls but how money can be raised.

* * *

Movement for the manager plan will at once be renewed in Utica, N. Y., according to announcement by local leaders following a court decision which held invalid the election which resulted in adoption of the plan. Failure of the local administration to comply with the law regarding publication of election notices was the reason. A case of "heads, I win, tails you lose."

American Cities Face 1933

Huge Tax Delinquencies and Debt Burden Present Serious Problems of "Depression Financing"

F. L. BIRD — *Director of Municipal Research, The Bradstreet Company*

A DISTURBING amount of financial uncertainty marks the opening of the new year for municipal governments—uncertainty as to how far budgets balanced in prospect will become unbalanced by unanticipated demands for unemployment relief and by increasing tax delinquency; uncertainty, in some instances, over what to do with embarrassingly mounting floating debts; uncertainty, in not a few cases, as to where funds are to be conjured from to meet the bare necessities of payrolls, basic services and debt charges.

The municipal situation throughout the country is a veritable jig-saw puzzle, the pieces so varying in dimensions and color that it seems almost impossible to fit them into a complete picture. Here are cities with streets unswept, school terms curtailed, payrolls in arrears; there are cities with prosperity salary scales still in effect and mayors smugly condoning the latest increase in the tax rate. On the one hand are city administrations whose estimates of 75 per cent tax collections constitute the rashest kind of optimism; on the other are officials who may be forced to adjust themselves to a five or ten per cent tax delinquency. A New York City comptroller faces a $200,000,000 deficit with the statement that there is no cause for concern, while across the continent in Los Angeles city officials view with alarm the possibility that the cash surplus may be somewhat reduced by the end of the year. Cities caught napping, cities alert, cities facing insolvency, cities almost depression proof; cities with improving prospects for 1933, cities with no prospects worth mentioning—shuffle the pieces, apply a few commonplace principles of classification, and the municipal picture assumes recognizable outlines.

Never before has the intimate relation of the economic and social status of the community to the degree of stability of the local government been so clearly apparent. Many of the previously coveted signs of prosperity, such as real estate booms, mushroom industrial development and marvelous population growth, have proven themselves serious elements of weakness. Steady growth, settled population and wide diversity in the sources of income are among the stabilizing factors which go far in explaining the comparative ease with which some cities have met the problems of the depression. On the other hand, it is necessary only to mention the unprecedented recession in lumber and shipping in Seattle or Portland or the drastic decline in automotive production in Detroit or Toledo to explain much of the governmental troubles in cities largely dependent on single industries.

MANAGEMENT VITAL FACTOR

But the widely varying scale of financial difficulties in which cities now

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TREND OF TAX LEVIES AND COLLECTIONS, FIFTY REPRESENTATIVE CITIES

Municipality	1930 Census	1929 Tax Levy Excluding Special Assessments	1932 Tax Levy Excluding Special Assessments	Percent Uncollected End of Year of Levy 1929	1931	Percent Decline for Comparable Periods 1929-1932
Albany, N. Y.	127,413	7,064,291	8,680,450	6.4	8.2	10.2
Allentown, Pa.	92,563	1,203,877	1,327,987	2.0	15.5	13.1[1]
Altoona, Pa.	82,054	741,989	738,000	16.8	24.1	7.3
Baltimore, Md.	804,874	29,802,444	31,013,319	5.2	8.3	8.5
Boston, Mass.	781,188	55,196,591	67,574,773	15.2	18.1	2.9[1]
Bridgeport, Conn.	147,716	7,556,231	7,723,670	3.7	4.0	.3[1]
Buffalo, N. Y.	573,076	32,634,428	27,204,460	.8	6.9	3.7
Cincinnati, Ohio	451,160	10,214,426	9,375,389	4.0	7.3	4.0
Dallas, Texas	260,475	6,728,012	6,902,652	11.5	12.9	1.4
Dayton, Ohio	200,982	3,768,438	4,662,195[4]	10.3	20.7	33.5
Denver, Col.	287,861	6,623,885	6,640,875	3.3	4.3	4.8
Detroit, Mich.	1,568,662	76.045,508	72,632,990	10.8	25.0	16.9
Elizabeth, N. J.	114,589	5,356,258	5,736,526	24.5	32.6	6.0
Fort Wayne, Ind.	114,946	5,145,390	5,592,004	2.8	5.3	2.4
Harrisburg, Pa.	80,339	1,407,245	1,446,344	7.3	11.0	9.3
Houston, Texas	292,352	5,935,084	6,361,378	10.3	17.7	12.4[2]
Indianapolis, Ind.	364,161	20,398,495	20,888,753	.7	1.2	1.9
Jacksonville, Fla.	129,549	2,288,467	1,820,593	11.9	12.3	.4[1]
Jersey City, N. J.	316,715	22,890,565	26,157,056	27.8	33.3	9.5[1]
Kansas City, Mo.	399,746	6,351,021	7,306,408	13.7	15.5	5.8
Knoxville, Tenn.	105,802	3,225,606	3,355,362	35.1	43.8	8.7[1]
Los Angeles, Cal.	1,238,048	29,269,828	22,098,340	4.8	8.1	4.3
Louisville, Ky.	307,745	8,650,541	8,282,266	8.3	10.2	2.1
Memphis, Tenn.	253,143	5,992,093	6,507,146	10.3	16.8	4.2[1] [2]
Miami, Fla.	110,637	3,586,191	3,306,314	12.2	18.7	11.2[5]
Milwaukee, Wis.	578,249	27,550,876	28,077,716	14.2	48.3	18.4
Minneapolis, Minn.	464,356	20,095,720	20,115,487	4.7	6.6	6.2
Newark, N. J.	442,337	34,052,086	34,388,528	23.4	28.3	10.8
New Haven, Conn.	162,655	7,625,226	8,386,443	8.4	12.7	6.3
Oakland, Cal.	284,063	5,301,103	4,960,302	4.0	7.1	3.1[1]
Paterson, N. J.	138,513	8,840,530	7,965,684	25.2	30.5	6.1
Philadelphia, Pa.	1,950,961	65,113,977	61,742,223	13.0	21.3	7.9
Pittsburgh, Pa.	669,817	21,431,432	20,642,073	8.5	13.5	12.2
Portland, Ore.	301,815	5,439,546	5,941,424	14.6	22.3	7.3
Racine, Wis.	67,542	2,357,980	2,819,084	9.4	33.7	37.1[5]
Reading, Pa.	111,171	1,677,262	1,714,041	7.4	12.4	10.4
Richmond, Va.	182,929	6,001,578	6,513,728	7.1	9.5	2.4[1]
Rochester, N. Y.	328,132	17,337,438	19,797,709	5.7	10.4	9.0
Sacramento, Cal.	93,750	2,082,644	2,079,459	2.1	3.5	3.8
Saint Louis, Mo.	821,874	34,616,938	30,930,026	8.2	10.8	2.6[1]
Saint Paul, Minn.	271,606	9,135,479	9,138,494	6.6	7.5	3.3[2] [5]
Salt Lake City, Utah	140,267	2,070,681	2,001,741	16.1	16.1	1.4
San Antonio, Texas	231,542	4,957,752	5,039,650	18.3	32.9	22.6[1]
San Francisco, Cal.	634,394	32,510,227	31,748,000	1.5	2.4	.9[1]
Seattle, Wash.	365,583	11,156,029	10,018.410	12.2	17.6	18.0
Shreveport, La.	76,655	1,369,058	1,384,605	1.9	3.3	7.9[1]
Spokane, Wash.	115,514	1,884,038	1,751,638	6.2	12.3	15.7
Tacoma, Wash.	106,817	1,678,635	1,362,915	16.4	25.8	9.4[1]
Tampa, Fla.	101,161	2,394,936	2,490,993	13.4	33.2	19.8[1]
Youngstown, Ohio[3]	170,002	7,762,464	6,381,367	9.1	15.5	.2[2]

[1]1929-31
[2]Increase
[3]Collections include prior delinquencies
[4]Includes annexed territory
[5]1930-32

find themselves is not to be explained solely by the unevenness with which the business recession has fallen. The element of management is fully as important. While some of the smaller single-industry cities have suffered so severely that the best of management could not have saved their governments from financial chaos, and while a number of municipalities are muddling along with a fair degree of success under mediocre administration because of large reserves of tax-paying capacity, in the great majority of cities it is the management, past and present, which is the controlling factor.

Many cities are weathering the depression, despite problems of more than average difficulty, solely because they entered the present period with a background of sound financial practice and took reasonably prompt steps to continue to live as far as possible within their incomes. Others, some of them with fundamental conditions more in their favor than the average, are facing embarrassing financial predicaments in 1933 solely or partially through mismanagement and absence of planning in years of plenty and failure to heed the signs of the times until too late. A decade of deficits left Philadelphia in no position to face lean years; the arrogant refusal of Tammany to retrench, except under banking coercion in the fourth year of the depression, is primarily responsible for the decline of New York City's credit; operating deficits and an unmanageable floating debt in Detroit have not been conducive to stability in the face of rapidly declining revenues; the widespread practice in New Jersey cities of heavy borrowing against large delinquent taxes for current operating revenue has placed the majority of them in the fair-weather class.

On the other hand, cities with consistently balanced budgets, or, like Denver, required by charter to allow a margin of safety between appropriations and anticipated revenues, are in a position to withstand reverses. Los Angeles may be cited as an illustration of how the building up of cash reserves in prosperous years and the forthright slashing of budgets to the level of normal years may offset a somewhat unsatisfactory real estate situation. Cincinnati serves as an excellent example of how constant planning and research enables orderly retrenchment.

THE FRUITS OF RETRENCHMENT

Retrenchment has become a word to conjure with. For three years it has been the increasingly popular slogan of taxpayers, civic and business organizations and candidates for office. What have been the net results in terms of benefit to the taxpayers' pockets?

Fifty cities of over 50,000 population have been chosen, more or less at random but representing all sections and types, and a check-up of their tax levies made to discover how much relief the 1932 tax bills afforded over those for the peak prosperity year of 1929. We find, disconcertingly enough, that the combined 1932 levy was only 0.26 per cent below that for 1929—$690,722,990 as compared with $692,530,540. Even when adjustment is made for population increase in the period considered, it is apparent that the average taxpayer has been accorded little relief in terms of dollars and is actually paying more for local governmental services when the increased value of the dollar is taken into account.

Lest these rather discouraging figures be seized upon as evidence of the financial impotence of municipal administration, it is only fair to accompany them by the reminder that the emergency burden of unemployment relief has offset the results of many operating economies; that the fixed and quasi-fixed charges which comprise so large a part of every city budget seriously limit the scope of retrenchment pro-

grams; and that increasing tax delinquency, with the corresponding shrinkage of actual revenue, has retarded the lowering of tax levies generally. The net result, therefore, is by no means hopeless, and such figures as are available for 1933 give promise of more concrete accomplishment.

Total and average figures, moreover, conceal the true picture, which varies greatly from city to city. Twenty of the fifty cities considered levied more taxes in 1932 than they did in 1929, Boston heading the list with an increase of 22.4 per cent. Thirteen cities succeeded in returning to the basis of 1929. Seventeen of the fifty, on the other hand, were able to reduce their tax bills below the 1929 level, Los Angeles most successfully with a decline of 24.5 per cent.

TAX DELINQUENCY A FAIR TEST

In a period of financial stringency like the present there is no better test of a city's financial stability than its ability to collect its taxes. While by no means an exclusive index of a local government's financial status, it goes far in indicating its ability to continue solvent and maintain fundamental services unimpaired.

A comparison of the percentage of the 1929 tax levies uncollected at the close of the fiscal year, in fifty cities, with the results for 1931, the last year for which complete figures are available, shows an average deliquency for the former year of 10.3 per cent and for the latter, of 16.4 per cent. The median delinquency for 1929 was 10.2 per cent and for 1931, 15.5 per cent. Because of the lack of complete data for 1932 a comparison has been made of collections to the latest available dates with collections for corresponding dates in 1929, the results indicating that collections were, on the average, running 8.55 per cent less satisfactorily. If this figure be taken as an indication of the final results for 1932, it shows a probable average delinquency of 18.85 per cent. As many financial authorities consider 15 per cent to approximate a reasonable margin of safety, it is apparent that the average city has entered precarious territory.

Again, when individual cities are considered, an amazing variety of results appears. Tax delinquency in 1931 ranged from 1.2 per cent to 43.8 per cent, sixteen cities collecting more than 90 per cent of their taxes and eleven securing less than 75 per cent of the amounts levied. In 1932 while four cities were improving their collections, eight were finding them over 15 per cent less satisfactory.

INEFFICIENT COLLECTION SHOWS UP

Lest this diversity in tax collection results be considered exclusively a product of the varying severity of hard times, attention is directed to the astonishing fact that in 1929 tax delinquency in these cities ranged from 0.7 per cent to 35.1 per cent, a condition explainable primarily by the widely varying degree of efficiency in tax collection provisions and administration. While reforms have been and are being instituted in many cities, a period of declining tax-paying capacity is an unsatisfactory time in which to correct bad habits and to overcome the laxity of prosperous years.

All but a dozen cities of over 30,000 succeeded in maintaining their solvency through 1932. What the situation will be at the close of 1933 depends not only on the general economic trend and on continued and more effective operating economies, but on the facility with which cities are able to borrow for relief purposes, fund accumulating floating debts and refund heavy bond maturities which are the result of short-sighted planning or inadequate sinking fund provisions in the past.

(Continued on page 66)

State Succeeds In Highway Business

North Carolina plan popular with citizens after eighteen months operation

PAUL W. WAGER *Professor of Rural Sociology, University of North Carolina*

THE day after Christmas a professor at the University of North Carolina at Chapel Hill loaded his family into his car and set off for the home of the children's grandparents 70 miles distant. For 60 miles they sped along comfortably over hard-surfaced roads—roads that are a part of North Carolina's justly-famed state highway system. Then the professor had to put on his chains, and, with his car in second gear most of the time, plow through red mud that in places was almost hub deep. Holding jealously to the ruts that his predecessors had made because the slopes of the road were slick (southern term for slippery) as grease, he slowly, fearfully but successfully negotiated the last 10 miles. These 10 miles are a part of the 46,000 miles of county roads whose maintenance was assumed by the state in July, 1931. Ordinarily this stretch is a first class dirt road; but five days of continuous rain, followed by snow, a freeze, and a thaw had done the mischief. Eventually it will be graveled, but 46,000 miles are a lot of roads and the state's resources are not unlimited.

Ordinarily the professor could have traveled within three miles of his destination over a state highway, but he was detoured over the county road because the last few miles of the state road had been given an oil treatment just ahead of the rains and had to be closed to traffic.

This incident is related, first, to illustrate the size of the task which the North Carolina state highway commission has assumed, and, second, to explain why North Carolina taxpayers seem willing to sacrifice everything else, even schools, for roads. Northerners, whose roads freeze in winter, may fail to appreciate how bad southern roads get in winter as a result of constant freezing and thawing, and especially the red clay roads of the Piedmont area. Perhaps North Carolina has been extravagant in building roads but it can be said in defense thereof that improved roads were the *sine qua non* of progress in any other direction.

NO ROAD BETTER THAN ITS MUDHOLE

Again, state maintenance of all roads in North Carolina and Virginia has been assailed as dangerous and unwarranted centralization and a violation of the spirit of local self-government. Yet the citizens of these states—even the Virginians, loyal to the memory and precepts of Thomas Jefferson—understand that the first element of freedom is freedom of movement. They esteem the much vaunted right of local self-government less than the very practical privilege of getting to town when they want to. They have tried both a local free labor system of road administration and a county-wide tax-supported system and have found both unsatisfactory. The

same perennial mudholes have persisted, and no road is any better than its worst mudhole. Even the state doesn't seem to have fully profited from this observation, but it has at least introduced more science in road grading, surfacing, and draining than has ever been displayed before. Finally, and probably the most potent factor in winning support for state maintenance, is the fact that under the new plan all road taxes are lifted from property and placed on gasoline and motor vehicles.

Because of the nation-wide interest in North Carolina's road experiment, already copied by Virginia, the editor of the REVIEW has asked for a brief description of the plan of organization, and a statement of accomplishments during the eighteen months it has been in operation. In furnishing such a description and review the writer takes no credit, the material being mainly abstracted from written statements and reports of the state highway officials.

UNDER THE OLD REGIME

When the general assembly of North Carolina met in January, 1931, it, like the legislatures of other states, clearly understood that it must reduce the burden of property taxes. Two years earlier the state highway commission had been forced to yield to the insistent demand of the counties to share in the gasoline tax, and had set aside one cent out of five for this purpose. Anticipating a further raid on the state highway funds in 1931, Governor Gardner had caused a survey to be made of the county road systems. With the assistance of the United States Bureau of Public Roads the facts relative to the organization, equipment, and finances of the local road systems had been assembled and were available to the legislature.

This report showed an expenditure by the counties for the preceding year (1930) of approximately eight and one-half million dollars for road maintenance and improvement. This sum unquestionably represented a contraction over former years, due to the depression and the curtailment of bond issues. More than a hundred million dollars in county and district road bonds were outstanding, and many of the counties had little to show for these outlays.

Only about one-third of the counties were able to employ a full-time engineer, and in many instances his time was almost completely absorbed in the details of supervision and administration. Several counties still had township road commissions. A few of the wealthier counties had elaborate organizations and were maintaining county roads more intensively and more expensively than the state was providing for the state highway system. At the other extreme, one small mountain county had a road force consisting of a one-armed man and a wooden drag.

Of the total 46,000 miles of county roads only about 800 miles had been paved, and only 14,000 miles had a surface of topsoil, gravel, or shale. Much of the latter was in poor condition. Approximately 19,000 miles had been graded and had drainage provided, but much of it in an inferior manner. The remaining 10,000 miles were unimproved.

In addition to their road burden, the counties were supporting nearly 4,000 short-term prisoners. A few counties were employing their prisoners profitably on the county roads, but the majority of them were not. In some of the smaller counties the prisoners were lying idle in the county jail.

When the general assembly weighed these facts against the efficiency and general satisfaction with which the state highway system was being maintained, it became convinced that more relief could be given to the taxpayers by trans-

ferring to the state the absolute control of all public roads than by increasing the subsidy to the counties. Consequently, it enacted legislation which reorganized the state highway commission, and vested it with responsibility for the maintenance and construction of all the public roads of the state, except the streets of cities and towns, and the care of all able-bodied male prisoners whose terms were 60 days or more.

The new act went into effect on July 1, 1931, on which date there were transferred to the highway commission's care and custody about 3,700 prisoners and approximately 46,000 miles of local roads. The counties were required to turn over to the state, without pay, such road machinery as the state could use. On the other hand, the state leased from the counties 45 of the more suitable prison camps.

ADMINISTRATIVE SET-UP

For purposes of administration the state has been divided into five divisions, and each of these in turn into five districts. An experienced engineer is located in each division with the necessary office force and equipment and given large discretionary power in the management of affairs in his division. Each district is also under the supervision of an engineer. These engineers were recruited largely from the personnel of the old highway commission and the former county organizations. Ordinary maintenance work is performed by patrol outfits consisting of a section foreman and one helper, supplied with a truck, a tractor and a grader. The sections on the state or primary road system average about 50 miles, and on the county or secondary roads about 90 miles. The sections are so arranged that a section foreman is rarely required to operate more than six or seven miles from the center of his territory. Floating crews with special machinery are available to perform work for which the patrol outfits are not equipped, and the prisoners are drawn upon to do the routine hand work such as cutting brush and cleaning out ditches and also to aid in any reconstruction work. Floating crews are also available for bridge repair work.

The road law required that special attention be given to the improvement of the roads over which school buses travel. These buses travel 104,000 miles daily and transport about 230,000 children. Since the state took over the county roads, 5,033 miles have been surfaced or re-surfaced with top soil, gravel, crushed stone, or other material, and some of the roads have been given an oil treatment. Practically all of the county mileage has been improved and given maintenance attention. It should be understood, however, as the incident related at the beginning of this article disclosed, that a clay road, no matter how well graded and drained, becomes pretty bad in a rainy season. It will take time and money to convert all of North Carolina's 46,000 miles of local roads into all-weather highways.

The state has practically ceased building new roads, and its reconstruction projects are limited to those which can command federal aid. The state is provided with a splendid network of hard-surfaced highways; the need now is dependable all-weather tributary roads, suitable for light traffic, that can be built at a moderate cost. The physical and chemical testing laboratories maintained by the commission have been largely responsible for the splendid results obtained in the higher type of roads and may prove equally valuable in solving the present problem.

MODEL PRISON CAMPS

As stated before, the 1931 highway law provided for the transfer to the

state of all county prisoners sentenced to serve 60 days or more. At the present time, the state is giving employment to about 4,500 such prisoners. They are housed in 69 camps, 45 of which were leased from the counties and remodeled and 24 of which were built new. These camps have been built or renovated according to specifications submitted by the state board of health and the state board of charities and public welfare, and there is a physician employed at each camp to look after the health of the prisoners. Gardens or farms have been established at each camp to raise vegetables and other food supplies. General supplies are furnished all camps from a central warehouse in Raleigh. The prisoners are so distributed as to give every camp an adequate working force for all roads adjacent thereto, and they are carried to and from work in groups of about twenty.

Since every department is placed on its own responsibility as far as possible, the prison department is charged with all costs incident to the housing, feeding, clothing, guarding, disciplining and general management of the prisoners, and it, in turn, is credited on the basis of the prevailing wage scale with the labor that it furnishes to the maintenance department. These figures indicate that the highway commission gains nothing by employing convict labor but it does provide a means by which the prisoners become self-supporting. Not only are the counties saved a large amount of money, but the prisoners are provided wholesome outdoor work, and are comfortably lodged, adequately fed, and humanely treated.

North Carolina's primary road system now consists of approximately 10,300 miles, and the secondary systems of 46,500 miles. On December 1, 1932, they were classified according to character of surface as follows:

	PRIMARY (MILES)	SECONDARY (MILES)
Hard surfaced	6,871	860
Topsoil, sand clay and gravel	2,296	14,012
Earth-graded and drained	1,150	20,723
Earth-unimproved	0	10,930
	10,317	46,525

It is impossible to measure with exactness the saving which has been effected by shifting maintenance of the local roads from the counties to the state. The financial records of the counties were not kept in a manner to permit a precise classification of road expenditures, but the best estimate of the surveyors as to maintenance costs alone in 1930 was $6,567,000. Total expenditures, including construction and reconstruction, was $8,233,000. The first year under state administration the cost of maintenance, including a small amount of reconstruction and over 5,000 miles of re-surfacing, was $6,380,000. Considering the decline in price level the reduction is not at all striking. Indeed when it is remembered that the latter figure includes no "overhead" it is not certain that there was any actual reduction in road expenditures below what the counties would have spent. The real gains lie (1) in the saving to the counties in the care of their prisoners, (2) in the improved quality of road maintenance, and (3) in the conditioning of the roadbeds so as to reduce future maintenance costs. The maintenance costs for the current year will probably not exceed $4,500,000. But here again the lower figure is partly a product of a falling price level and partly due to the exigencies of budget balancing.

THE HIGHWAY FUND

When the state took over the county roads all property tax levies for road

purposes, except the liquidation of existing debt, were discontinued. The income for the highway system comes principally from two sources: automobile licenses and the gasoline tax. The license fee is 55 cents per hundred pounds of weight and the gasoline tax is 6 cents per gallon. The actual revenues and expenditures for 1931-32, the first year that all roads were under state maintenance are given below:

Revenues:	
Balance July 1, 1931	$ 1,577,997
Automobile licenses	5,480,705
Gasoline tax	14,941,181
Title registrations	80,316
Federal aid	473,850
Sundry revenue	126,721
	$22,680,770
Expenditures:	
Administration	$ 166,651
Motor vehicle bureau expenses	355,357
Highway police patrol	151,474
Interest on bonds	4,760,053
Redemption on bonds	2,700,000
Sinking fund contribution	500,000
County loan repayments	423,663
Maintenance state highways	3,515,635
Maintenance county highways	6,380,601
Construction state highways	2,656,068
Construction prison camps	900,000
	$22,509,502

Exclusive of the balance at the beginning of the year and federal aid, the revenues last year were $20,628,923, and expenditures, exclusive of state highway construction, $19,853,434. Hence there was a favorable balance of $775,489. This year, however, because of the smaller number of automobiles in use and reduced consumption of gasoline, it is estimated that the revenues will be only $17,566,315, or a decrease of over $3,000,000. In 1929 the number of automobiles registered in the state was 503,190; in 1930 the number was 474,081; in 1931 it was 442,448; and the registration for 1932 (up to December 1) was 396,266. Despite the anticipated decrease in revenue and an increase of $528,384 in debt service, a determined effort is being made to divert some of the highway revenues to other purposes. Left with its revenues intact the highway commission can continue to meet all debt obligations, give proper attention to the upkeep of the $175,000,000 primary road system, and gradually give the 46,000 miles of local roads at least a graveled surface. If the revenues are diverted, even for causes equally worthy, the state highway commission cannot fill the order which it has been given.

The farmers, the mail carriers, the school authorities are all well pleased with state maintenance. Even the university professor, who got his car muddy, has no complaint to make. Probably under county maintenance he could not have driven over the road at all. At least, he will not condemn the state for failing to discover and fix within a year all the bad spots that the county authorities have neglected for 40 years.

ABOLISH THE FEE SYSTEM

(Continued from page 47)

The fee system of compensation for public officers should be abolished. Without exceptions save those dictated by constitutional provisions and temporary expediency, all officers should be put on a salary basis. When part-time positions are not sufficiently important to warrant salaries, these positions should be abolished and the functions transferred to other officers. The legislatures of 43 states are meeting at the present time. In their efforts to reduce the cost of government, they would do well to give serious thought to this matter.

Municipal Crisis In An Earlier Depression

History repeats itself in Providence when economy in government is again the cry

VERA N. MATTESON

Providence Governmental Research Bureau

AMONG some critics of the current movement for municipal economy there is a fear that the methods applied are harmful rather and helpful. These critics condemn efforts to curtail the issuance of bonds for improvements, protest against the consolidation or elimination of bureaus and activities, and minimize the efficacy and wisdom of many measures proposed to stabilize municipal finance. The soundness of some of the procedures in the present movement in American cities to bring their financial programs into harmony with the depressed condition of the people was proved in Providence over fifty years ago, in the depression of 1873, which followed the Civil War by almost the same number of years as the present depression followed the World War. Coupled with the ordinary economic forces set in motion towards the end of any such abnormal period these measures assisted in the restoration that followed.

In 1873 a post-war period of more or less fictitious prosperity was brought to a very sudden conclusion by an industrial and commercial depression. Economy, which had during the period of prosperity been approved in theory but ignored in practice, became as now the by-word in private, industrial, and municipal affairs.

Leading up to the depression in Providence was an era of almost revolutionary change. From 1856 to the end of the Civil War the expenditures of the city showed no yearly increase. After the war, however, unprecedented programs of municipal improvement were inaugurated. Some of the projects entered upon justified their existence almost immediately, while others had little immediate effect except to increase the burden of the city. Among the former was a water system, constructed from 1870 to 1876, and costing almost $4,500,000. After completion this system brought in increasingly large revenues each year.

PROVIDENCE EXPANDS RAPIDLY

Annexation of surrounding towns increased the area of the city almost 200 per cent within a few years. The city was growing in prosperity as well as in size, and need for more as well as better public services was felt. Highway and sewer costs increased steadily. New streets were laid out, and old ones improved. New highway projects were approved by the city council before old ones had been completed, and with utter disregard for the condition of the highway appropriation. A poor system of assessing land for proposed highways, failure to have estimates prepared, and the use of improper materials were important factors in making some of the increase in costs unnecessary. Later, appointment of a highway board brought

about less costly and more efficient operation of the highway department.

As in other cities, the number of public schools in Providence was rapidly increasing. School construction costs per pupil varied from $81.00 to $238.00 within a period of four years. A survey in 1878 was followed by corrective measures. The city was given the power to take land, not exceeding one acre, for school purposes. This minimized the tendency of property owners to demand exorbitant prices for land chosen by the city for school sites. It was made unlawful for members of the school board to be interested in concerns furnishing supplies to, or constructing, the schools. By 1880 the per capita school costs had dropped 40 per cent.

POOR RELIEF CREATES PROBLEM

Support of the poor, due to the depression, became a large item of municipal expense each year. The establishment of a workhouse, charity building, and woodyard, to replace an inadequate system of out-door relief, resulted in economies in this item. Further decrease in expense for this purpose was made by the coupling of two projects, relief of the poor and highway maintenance, by the employment of the needy on the city's highways.

The per capita costs in the police, fire and lamp departments increased steadily up to 1875. A study of operating expenses in each of these departments brought about a reduction of salary in some cases, the elimination of needless items of expense in others, and in all a general decrease in expenditures.

Current per capita income of the city increased slowly through the decade 1870-1880. The valuation of real estate increased 58.7 per cent from 1870 to 1875, and 9.8 per cent more from 1876 to 1880. However, an increase of 52 per cent in the population of the city during the decade made the per capita increase in valuation only 10.2 per cent. Personal property valuations, moreover, decreased greatly during the period. Meanwhile, the total per capita expenditures were increasing rapidly. Thus, though the tax rate was increased one dollar per thousand in 1874, the added income was insignificant. The reductions in expenditures carried out in the latter part of the period, when income was still slowly rising, were effective. In 1880, per capita income, exclusive of borrowed money, was nearly 20 per cent greater than per capita expenditures other than those arising from the payment of debt.

HUGE BURDEN OF DEBT

The most significant increase of the period was that in the city's indebtedness. All of the construction projects entered upon were expensive, and since it was impossible to budget construction on each one over a period of years, and thus make payments out of current revenue, borrowing was a necessary measure. The ease with which this was accomplished led to its being done more readily each year. In 1878 the funded debt of the city had increased 457 per cent and the unfunded debt 236 per cent over 1870. This, of course, meant an immediate increase in city expenditures. Per capita interest payments increased almost 200 per cent from 1870 to 1873. In that year it became necessary for the city to pay from 6 per cent to 18 per cent interest on money borrowed on new notes.

In 1878 alarm at the increase in the city's indebtedness brought about state action. An act was passed limiting the indebtedness of any city in the state to 3 per cent of its assessed valuation. Since the debt of Providence at this time was 8.1 per cent of its assessed valuation, the act was of little value except as a curb on further borrowing. The city debt was decreased, however, from 1880 to 1885.

A reform school which had been an item of expense to the city was taken over by the state in 1879. Since nearly all of the offenders placed there were sent by the state, this was a logical measure.

New tax laws passed in 1876 limited tax exemptions and resulted in the addition of nearly $8,000,000 worth of property to the tax rolls in Providence. This, of course, made a substantial increase in the city's income.

No one factor can be held responsible for the improvement in the city's condition which took place during the latter part of the decade 1870-1880. General business conditions were improving. A curb had been placed on the city's tendency to reckless borrowing. Elimination of waste and duplication of expense, curtailment of operating expenses, improvement in methods of departmental operation, removal of opportunity for personal gain, and assumption of part of the city's burden by the state, all contributed towards placing the city on a firmer footing than had been possible at the time of the depression. Obligations incurred for capital outlay on large projects could not be decreased without repayment, but current expenses could be, and were, reduced.

AMERICAN CITIES FACE 1933

(Continued from Page 54)

Long-term municipal borrowing dropped to 39 per cent in 1932 from the peak of 1927 to the lowest figure in over a decade. Temporary borrowing, however, rose to the highest amount in American municipal history—to over one billion dollars, or approximately twice the figure of ten years ago. There is no better indication of inability to secure revenue funds promptly for operations or of inability to balance budgets.

REFUNDING TO BE POPULAR

While there will be comparatively little borrowing for tax-supported public improvements in 1933, the year will be characterized by efforts on the part of many financially embarrassed cities to avoid defaults and to extend part of the burden of emergency relief costs, floating debt obligations and maturing bonds into hoped for, more prosperous years by bond issues. When such a policy is accompanied by forceful and intelligent effort to balance current budgets it has much justification, not only in its recognition of present abnormally low tax-paying capacity but in its stabilization of weakened municipal finance.

The facts presented, with many others, point to a most critical year in municipal administration and finance. Some cities, only beginning to feel the full benefits of drastic economy programs, should improve their financial status throughout the year; a few seem destined to lose their last struggling hold on solvency; the great majority will pull through but with the scars of battle evident. Those able to keep their credit good, and at the same time able to maintain essential services unimpaired in the face of shortsighted propaganda for destructive over-retrenchment, will be fortunate indeed.

Maine Reorganizes and Saves Money

Even skeptics convinced that greater centralization of control has worked better than traditional methods.

WILLIAM TUDOR GARDINER — *Governor of Maine, 1928-1932*

MAINE can testify to the effectiveness of reorganization of administrative departments as a measure of economy.

On January 21, 1931 an administrative code prepared by A. E. Buck of the Institute of Public Administration under the direction of the Committee of Seventeen,[1] was presented to the legislature. As originally presented, the code was a comprehensive act providing a plan of reorganization affecting all the administrative departments of the state. It soon became evident, however, that the act presented too many difficult problems for consideration at one session of the legislature and the legislative committee therefore decided to shorten the bill by omitting all except what appeared to be the most necessary features of the proposed reorganization. Among the omissions was provision for a personnel officer in the executive department. The most essential features of the original bill were retained, and the new draft received a unanimous report from the special joint committee of twenty-two, on which the sixteen house members represented the sixteen counties of the state. The measure passed the house by a vote of 116 to 24 and the senate 24 to 23. The opponents of the measure invoked a referendum. Friends of reorganization mustered a non-partisan organization and the matter received a good deal of publicity. At the election on November 9, 1931, the measure was accepted by a vote of 41,077 to 30,368, and the act became effective January 1, 1932.

Two new consolidated departments were created by the act, the department of finance and the department of health and welfare. These embodied the features considered most important from the beginning of the movement towards reorganization of state government. In Maine, as in all other states, methods of public finance had not kept pace with modern conditions and financial administration was very much decentralized. Auditing and accounting had been mingled in the same department and there was no real post-audit.

The department of finance consists of three bureaus, accounts and control, purchasing, and taxation. A budget officer is provided to assist the commissioner of finance, the governor and council. The scope and form of the budget, the form of the appropriation bill, and the method of operating the budget continuously are provided in detail.

Maine's first budget law was enacted

[1]For details of the original recommendations of the Institute of Public Administration following its survey see NATIONAL MUNICIPAL REVIEW, March, 1931, article by Professor Orren C. Hormell, who was one of the Committee of Seventeen that backed its recommendations in a state-wide program of publicity.

in 1919, and had been improved from time to time, but did not provide anything more than committee meetings and hearings for a period of two or three months before the convening of the legislature. The committee served as a fact-finding agency for the legislature but was handicapped by lack of means for checking up on the needs and requirements of the many departments and other state agencies. The budget officer under the new law is a permanent full-time official of the department of finance who with the governor, or governor-elect, is to prepare the state budget document and is to be assisted by an advisory committee of three members of the legislature. The means and methods of operating the budget continuously are provided in the law and the budget officer is given authority to formulate plans for better management of departments and agencies in order to avoid duplication of work.

In the original financial plan was included a constitutional amendment setting up a budget provision and abolishing the office of state treasurer. This measure was reported unfavorably on account of a prejudice against altering the constitution, but the treasurer's office can be closely coördinated with the department of finance.

MACHINE ACCOUNTING INSTALLED

The chief functions of the bureau of accounts and control are to keep the general accounts for the entire state government, prescribing and installing whatever subsidiary accounts are necessary; to do work now done in the auditor's office in connection with receipts, claims and collections, that is, the preauditing; and to furnish monthly reports of the financial status of all departments. In connection with the centraliziation of accounts, tabulating machines were leased and all the accounts of the state are handled in this manner. Checks are also made by punch card machine. It has been found that this installation has reduced very greatly the time spent in clerical work and also information can be produced in great detail and at great speed in various ways. It is conservatively estimated that we have reduced the time consumed in getting out the pay roll to about one-third of what it was formerly.

The code provided for a system of quarterly allotments of the legislative appropriations to be approved in advance by the governor and council. These are prepared by the budget officer and have been the means of controlling expenses and effecting great economies.

The bureau of purchases, with some exceptions, does all the buying for state departments and agencies. The provisions as to purchasing allow sufficient flexibility for practical purposes, and the use of comparatively small petty cash accounts has been found helpful. A previous issue of the REVIEW (Nov., 1932, p. 659) contained a note by Russell Forbes as to the successful operation of the bureau. Large savings have been effected, better goods obtained and unnecessary purchases avoided.

The bureau of taxation has two divisions,—property taxes and gasoline taxes. There is provided a board of equalization consisting of the head of the bureau and two associate members who shall devote as much time as is required to their work.

PUBLIC HEALTH AND WELFARE MERGED

In the establishment of the department of health and welfare we expect ultimately to find a partial solution of many of the problems which have become increasingly difficult and costly. The consideration of our health and welfare problems more than any other phase of the state's activities led me to have the survey made, for they are con-

cerned with the conservation of our human resources. Eighteen different agencies have been spending 27 per cent of our legislative appropriations for these purposes. A critical examination of the organizations dealing with our dependents and our mentally and physically ill, showed that a point had been reached where we must have more efficiency or must make up our minds to spend more money without commensurate returns. The governor, in theory, has been supposed to coördinate all these activities and separately managed institutions and bring about coöperation among them, but the task was an impossible one.

The department of health and welfare consists of three bureaus, health, social welfare, and institutional service, each of which has a technical expert as director. The function of the commissioner is to allocate the powers and duties of the department among the three bureaus, to coördinate their overlapping work, to promote coöperation among them and between local organizations and the appropriate bureau or institution. The bureau of health carries on the work of the former department of health and the director will be of assistance in developing local health work and encouraging coöperation. The bureau of social welfare includes all the welfare work of the state formerly scattered through various departments and agencies. The bureau of institutional service administers the 13 state institutions in place of 8 boards of trustees. It has been found that the opportunity for coöperative work among these three bureaus has been most helpful. Repeatedly, the bureau chiefs have after consultation promptly come to a decision on a case with which all three of the bureaus are concerned and which under the old system might have waited many months for a solution.

In the bureau of institutional service improvement has already come in the system of farm supervision, in the interchange of services and of products and in the formulation of plans for the employment of inmates. The management of physical property has improved and uniform systems of inventory control have resulted in the stopping of many leaks. Commitment laws and provisions for transfer and segregation of inmates are being studied, free from the jealousies of separately managed institutions, and suggestions along this line will doubtless be made to the next legislature. In short the institutional work has been much improved at the same time that economies have been effected.

The act provides that the department of sea and shore fisheries be administered by one man rather than by a commission of three. The department of education has added to its present duties the supervision of the state library and of the museum.

The new department of audit is headed by an auditor elected by the legislature instead of by the electorate of the state. His duties are to conduct a continuous post-audit of all departments, institutions and agencies of the state government; to install accounting systems and conduct audits of local governments; and to serve as a staff agency to the legislature and to the governor in making investigations of any phase of the state's finances. It is believed that election of the auditor by the legislature is logical, since he is to act as a check on the administration and to see that legislative appropriations are expended in the amount and under the conditions specified by law. It also seemed wiser not to have such an official elected on the same ticket with other state officials.

THE REORGANIZED GOVERNMENT

Our state government, as altered by this act, includes 12 administrative

departments, headed by single commissioners with the exception of the departments of highways and public utilities, which are headed by commissions of three. All of these officials are appointed by the governor with the advice and consent of the council with the exception of the commissioner of agriculture who is elected by the legislature as formerly. There are additional units under the secretary of state, the attorney general and the state treasurer, all of whom are elected by the legislature. The superintendent of buildings and grounds and the adjutant general, who is also the chief of state police, serve at the pleasure of the governor and in practice function as a part of the executive department. The Maine development commission, the trustees of the University of Maine and the industrial accident commission remain unchanged. There are one or two boards dealing with local affairs and a few single officials, such as the state geologist.

This substantial result of our state survey was not attained without the usual opposition from various groups who were fearful that the changes would mean too great centralization, or that their personal interests would be adversely affected. The 44 trustees of the state institutions had become interested in them and felt that full-time paid employees of the state might not administer the institutions as efficiently as they had. Of the 28 agencies abolished, four were obsolete, nine were replaced by new units or officials in departments, and the functions of 15 administrative boards, committees, commissions and councils were allocated to the department of health and welfare. Among the opponents of the measure was the usual group of citizens who are content to let well enough alone so long as they are not personally inconvenienced and can pay their tax bills without too much self-sacrifice. There was a great amount of opposition from those who believe in the sacredness of traditional office. Maine is one of the three states which have an executive council and it seemed difficult to persuade some of the councilors that the changes would not lessen their powers, duties, or prerogatives. Some opposition was voiced because the survey had been made by an agency from outside the state. Among state employees there was a strong opposition because of fear of loss of positions.

The naming of these various opposing groups will have a familiar sound to the ears of citizens of any state which has attempted any degree of governmental reorganization. However, in the brief time of a year many of these fears have proven groundless and many citizens who opposed the reorganization have already expressed themselves as acknowledging the benefits of the action. The closer check that is afforded on all activities and expenditures has brought a pronounced improvement in the conduct of state affairs. While it was estimated that the act would save $250,000 a year, this was altogether too conservative a figure. It is difficult to attribute with exactness the savings due to the legislation but is plainly apparent that the measure has been responsible for savings of more than double that figure in the first year of its operation.

RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL — *Municipal Administration Service*

German Cities: A Study of Contemporary Municipal Politics and Administration.— By Roger Hewes Wells. Princeton: Princeton University Press, 1932. 283 pp. $3.00.

This book is the initial step in the building of a comprehensive, analytical, and scholarly literature on post-war developments in German local politics and administration. The need of such a treatise has been apparent for several years—increasingly so since the publication of Maxwell's volume in 1928. For his courage in attempting a comprehensive survey of the most complicated and dynamic local government system in existence, at the time of its greatest stress, Dr. Wells will be applauded. But, in addition, *German Cities* stands at present as an even better book than any German has been able to write in general survey of his local institutions.

Readers of the REVIEW require no introduction to Dr. Wells' compact style or his thorough technique. His introductory chapter on "Storm and Stress" gives us German local government in the tenseness of its post-war perspectives. The ensuing chapters on geographical structure, administrative structure, popular government, *Reich*- and state-local relations, metropolitan government, and local administrative methods keep always in view the economic and social realities of the new Germany. And without presuming to forecast the future, Dr. Wells' general argument seems fairly well to indicate the fundamental, as opposed to the expedient, developments in crisis government.

It is, in short, a grand book. The adequacy of its documentation, the entirely satisfactory nature of its bibliography, and the excellence of its index go without saying. While the reviewer distinctly disagrees with Dr. Wells' views regarding the government of Berlin, it is equally apparent from a legalistic viewpoint, Berlin is, as he maintains, a "unitary" city. In any case, no student of comparative government, and no critical student of American local government, can afford to let Dr. Wells' book go unread.

ROWLAND EGGER.
University of Virginia.

Money In Elections. By Louise Overacker. New York: The Macmillan Company, 1932. 459 pp. $3.50.

Sketching the use of money in elections in Greece, Rome, medieval Europe and modern England, the author of *Money In Elections* proceeds to treat in the first half of the study why money is spent, how much is spent, the expenditure problem, sources of and methods used in obtaining campaign funds, why people contribute, the contribution problem, and an analysis of campaign funds. The second half deals with campaign finance legislation in foreign states, the legislation of the United States and its effects, and similarly the scope and effect of state legislation. A final chapter summarizes the author's conclusions.

The inquiry covers campaign financial operations in pre-convention, primary and final election activities involving mayoralty, gubernatorial, congressional and presidential contests. The existence and financial operation of parties other than the Republican are recognized. While chief concern centers on activities in the United States, those in foreign states are included in the survey.

An extensive range of material is used, both general and special. Seldom do we find a work so securely grounded on the sources.

Especially extensive has been the reliance of the author on findings of the recent Senate committees investigating election funds, in some of whose hearings the author gained first hand information as a participant. The work also profits from much material collected and correlated by the late Professor Victor J. West, an able student of election legislation.

The author's viewpoint is neither that of a cold realist nor that of an indefensible idealist. She reveals throughout the work that there must be recognized in campaign funds moral values for both the political party and the body politic. Penetrating analysis, and critical appraisal have produced significant findings which are set forth in a simple but stimulating style, thereby adding readability to a scholarly work. An effective use of charts in the first half of the book serves to vitalize necessary statistical material which would otherwise appear dull.

The comprehensiveness of the study, the marshalling of such ample source material, penetrating analysis, critical appraisal, fairness of interpretation, and independence of judgment entitle *Money In Elections* to first place among works now available on campaign finance.

JOHN J. GEORGE.
Rutgers University.

Operation of Debt and Tax Rate Limits in the State of New York. By Frank Le Roy Spangler. Albany: New York State Tax Commission, 1932. 247 pp.

The New York State Tax Commission is to be congratulated for its fifth special report, which like the previous ones describes the practice in New York State on an important phase of taxation, and suggests improvement possibilities. The fact that the studies are primarily for New York does not markedly decrease their general usefulness to students of public finance.

In days when state legislatures are attempting to reduce taxes by arbitrarily fixing tax limits or to check borrowing by prescribing maxima, there is more than ordinary interest in the story of how these policies have affected municipal finance where they have been, for some years, constitutional requirements. Mr. Spangler devotes the major portion of his book to debt limits, giving their history, detailed analysis of their operation in New York, Buffalo, Rochester and a group of smaller cities. He concludes that debt limits do not prevent unsound borrowing, nor do they bolster credit standing nor discourage municipal extravagance. On the other hand, he says, they are likely to retard normal development in the construction of capital improvements. Practically, however, there is much evasion of the constitutional limitations on debt, and little is actually achieved.

The chapter on tax limits gives its keynote in its title, "the iniquity of tax limits." Forty-seven years of trial have resulted in evasion, waste and unsound budgetary practice.

The tables and appendices are interesting,—but the reader who wishes to make general use of the volume may be disappointed to find most of the statistical data stopping at, or before, 1929. And, perhaps, there is justification for asking the author's suggestions as to the possible effect of declining assessed valuation. Cities are slow-moving, to be sure, but the book was not published until 1932, when the possibility of such a trend, in a number of cities, was clear.

Comparative Tax Rates of 277 Cities, 1932. By C. E. Rightor, New York Municipal Administration Service, 1932. 16 pp. 20 cents.

Readers of the NATIONAL MUNICIPAL REVIEW may be glad to know that this valuable article on the tax burdens of the cities of the United States, with its comprehensive tables, has been reprinted.

The Extension of Municipal Liability in Tort. By Charles W. Tooke. Reprinted from Virginia Law Review, December, 1932. 24 pp.

As Professor Tooke explains in his introductory paragraphs, there seems to be a legislative movement to charge municipalities with liability for the negligence of their officers and agents, and several state legislatures will consider enactments on the subject at 1933 sessions.

Uniform Traffic Laws.—Washington, D. C.: National Conference on Street and Highway Safety, 1932. 54 pp.

The essential features of the Uniform Vehicle Code recommended by the National Conference on Street and Highway Safety, have been adopted in whole or in part, in a number of states, with convincing evidence of

gineer, recorder of deeds and all officers appointed by the county court would be abolished. The bill sets up in their stead departments of revenue, public works and welfare, and the offices of director of personnel, auditor, purchasing agent, county counselor, and comptroller. The county court (the legislative body of the county composed of three judges) and county clerk continue to be elected but all other officers except the constitutional officers are to be appointed. Without a constitutional amendment, the sheriff, coroner, prosecuting attorney, constables and judicial officers cannot be touched in Missouri.

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Governmental Research Association to Make Award for Best Work.— An annual award, in recognition of the most outstanding piece of research work during the year, will be made by the Governmental Research Association, the executive committee decided at a meeting held in Chicago under the auspices of the Public Administration Clearing House on January 20 and 21.

Revision of the sections of the constitution of the G. R. A. governing admittance to membership was considered at the Chicago meeting and will be submitted to the members. Proposals call for a system of election of members by the executive committee upon nomination by an active member, eligibility being based on actual performance in the research field. The new proposals make it possible for anyone interested in research to become an associate member. All privileges and services are extended alike to active and associate members except voting privileges which are limited to active members.

Through the aid of the Public Administration Clearing House, a monthly news bulletin of activities in the field of research and a weekly digest of current literature will be sent to all members.

It was also decided to submit for the approval of the membership, a new plan of electing the executive committee. An executive committee of six was recommended—three members elected each year for a term of two years, no member of the executive committee to be eligible for reëlection.

The association will aid cities interested in the establishment of new citizen agencies by providing packet libraries with publications used by bureaus of research, taxpayers associations and kindred organizations in various cities. Plans were also made by which the exchange of staff men specializing in various lines can be facilitated. A panel will be prepared showing those who are available for consulting and advisory service in various lines of local governmental activity. Two pamphlets will be published—one of which is designed to enlist a large associate membership in the organization and the second to assist interested cities in the establishment of new citizen research agencies.

ROBERT M. GOODRICH.

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Michigan Commission Urges County Home Rule.— The authorization of the appointment by the governor of a state commission of inquiry into county, township and school district government by the Michigan legislature of 1931 was inspired by a small group of civic-minded individuals interested primarily in bringing about a simplification of county government, preferably through constitutional permission for county home rule. This group placed before the governor the alternate proposals of a county home rule, amendment to the constitution or a study of local government throughout the state to be followed by such constitutional and statutory changes as might seem desirable. The governor strongly favored the latter course and threw his influence back of legislation to that end.

Accordingly, a commission of five members was appointed to undertake the inquiry, financed by a small state appropriation, supplemented by donations of money and services from the Detroit Bureau of Governmental Research, the University of Michigan, Michigan State College, the Spelman Fund of New York and interested individuals.

Dr. Lent D. Upson, director of the Detroit Bureau of Governmental Research, was placed in charge of the inquiry. The study was broken up into about a dozen sections dealing with particular subjects such as social and economic backgrounds to local government, county and township organization, rural school organization, public welfare, public health, public works, public finance, government in the metropolitan area, schools in the metropolitan area, etc. These studies were

placed in the immediate charge of competent persons connected with the university of Michigan, Michigan State College and the Detroit Bureau of Governmental Research. The reports on these subjects covering largely all of the important phases of local government in Michigan are being published as separate studies. It is upon these studies that the report of the commission is based.

The preliminary report of the commission issued about nine months after the research studies were actually under way, dealt only with the more important phases of local government. Additional reports will be made to the governor and the legislature as the research reports are finished, and the whole will be incorporated in a final report of the commission.

County Recommendations

The principal recommendation of the preliminary report had to do with county and township government. This subject has been a controversial one in Michigan for more than ten years and all previous proposals to revamp county and township government have been defeated because they embodied a drastic change in the representation of the rural and urban populations in the county legislative body. For this reason the commission recommended that the matter of representation and the form of the legislative body be left for future consideration, thus retaining the large board of supervisors that is characteristic of Michigan county government.

On the administrative side, however, the commission recommended that this board of supervisors be authorized to reorganize and consolidate that branch of the government by ordinance, such ordinance to be approved by the people. Or such an ordinance might be initiated by the voters. The commission discussed the various types of county executives that might supplant the present loosely organized system of administration, but named as its choice the selection of a county mayor or president who would be made responsible for the appointment of all subordinate officers. This would give the counties of Michigan the same centralized control that has characterized modern city government.

Unfortunately, it seemed necessary to continue the townships as they now exist with the proviso that if there was an overwhelming demand for their elimination these might be transferred to the county government. Township government is deeply intrenched in the Michigan system and in some of the sparsely settled communities the large proportion of the township population that benefits from public office makes it difficult to change. In spite of this, township roads were recently eliminated by state statutes, the same to become county highways over a period of five years. The commission suggests that similar action should be taken with respect to public welfare, public health and the administration of justice, but is not unmindful of the difficulties that stand in the way of these changes.

Moratorium on Delinquent Taxes

The other preliminary recommendations of the commission had to do with a moratorium on delinquent taxes, a centralization of rural school administration, a centralization of public welfare and public health administration, and the introduction of something akin to the Indiana plan for state control of local finance. This last suggestion will be resisted vigorously by city and county governments.

Some twenty bills have been drafted and have been presented for introduction into the legislature covering the more important of the commission recommendations. Additional bills will be presented as the final report of the commission develops.

Lent D. Upson

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New York State Hunts New Revenues.—Having slashed the state budget 23.7 per cent, Governor Lehman of New York still faces the necessity for raising some $84,000,000 in order to make ends meet. In his annual budget message to the legislature, he recommended the following new taxes and alterations in existing taxes:

1. Increase in personal income taxes through lowering of exemptions and establishment of a new 1 per cent emergency tax on gross income without exemptions but with some deductions. Estimated yield, $46,000,000.

2. Retail sales tax of ¾ of one per cent. Estimated yield, $23,000,000.

3. Increase of one per cent per gallon in the state gasoline tax. Estimated yield, $15,000,000.

If and when Congress legalizes the sale

of beer, New York state is certain to realize revenue through a tax on beer. One dollar a barrel has been suggested as a tax which would bring in substantial revenue without increasing the retail sale price to such an extent as to encourage bootlegging. Those who have made an analysis of the problem say that a tax will be collectible which does not force the retail price of a glass of beer beyond five cents. The point at which protection becomes cheaper than taxation is vague, but, considering the fact that the illegal machinery is now functioning and the legal machinery is not, the advocates of a beer tax are inclined to recommend a fairly low rate at least for the near future. A substantial percentage of the revenue should be returned to the local governments to encourage enforcement.

Even with beer legalized, the problem of taxing the illegal income received from the sale of hard liquor remains. One of the suggestions is a license tax on those places which sell beer, on the theory that they all will also sell other liquor which cannot be reached directly by taxation but can be reached indirectly through licensing any establishment which sells beer.

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Savings of Fourteen Million Dollars Recommended in New Jersey Survey.—Economy recommendations totalling more than fourteen million dollars for the fiscal year 1933-34 are contained in the survey of the government of New Jersey by Princeton University recently carried on under the direction of Professor H. W. Dodds. The recommendations of the University survey staff have been accepted by Governor Moore and included as an integral part of his legislative program.

The highlights of the recommendations which were concerned solely with immediate economies which might enable the state to balance its budget and avoid financial collapse may be summarized as follows: (1) creation of a department of fiscal control to act as the direct agent of the governor in exercising executive power over state expenditures; (2) abolition of the four-man highway commission, making the state highway engineer the responsible executive; (3) discontinuance of training more teachers than can find place in the state educational system; (4) alteration of the state salary schedule with a graduated pay cut averaging 10 per cent to be put into effect at once; (5) inauguration of a pay-as-you-go policy for highway construction with cancellation of highway bonds as yet unissued; (6) repeal of law which limits interest on state deposits to 2 per cent; (7) new revenue proposals: higher license fees for commercial motor vehicles to bring in an estimated amount of two million dollars; more efficient collection of state taxes and removal of exemptions from gasoline tax, three million nine hundred thousand dollars; transfer of money in certain special funds to the general treasury, one million one hundred thousand dollars.

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Proposed Reorganization in Georgia.—A comprehensive scheme for reorganization of the governmental structure in Georgia has been worked out by Orville A. Park, member of the legislature from Bibb County, and professor of law at Mercer University. Professor Park points out that in the current tax-saving crusade little can be expected by reduction in state expenditures in Georgia through curtailment of services inasmuch as these are stated to be the lowest per capita in the country. He, therefore, places emphasis upon such improvements as consolidation of local units of government including the merging of counties, provisions for counties to unite in carrying on institutions, the encouragement of city-county mergers, the abolition of district and independent school systems and installation of a uniform system of county audits by the state auditor.

The legislature could be relieved of local legislation by establishing a large measure of home rule in counties and cities, he points out. State activities instead of being diminished would be increased by the taking over of the entire penal system, public schools, public health and a reorganized judicial system. Public budgeting of state finances is recommended and likewise a reform of the tax system.

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High Incomes from Fees Stir Pennsylvania.—Proposed reduction of salaries of state officials in Pennsylvania has encountered an embarrassing psychological obstacle in the fee system under which various county officers "earn" extremely comfortable emoluments. For example, the register of wills

in Philadelphia received fees aggregating $37,654 in 1931, with the corresponding officials of Montgomery and Allegheny Counties receiving $20,183 and $16,714, respectively. In each of these three cases the fees were in addition to a $5,000 salary.

The most notable instance of high returns is the delinquent tax collector of Allegheny County. With a fee of 10 per cent on collections his net commissions in 1930 were found to be $106,265. Various other local tax collectors are said to receive up to $30,000; and it is estimated that by placing the tax collectors on salaries, principally under the direction of county treasurers, the saving in Pennsylvania would be over $3,000,000.

Any such move encounters vigorous opposition not only from the officials affected but from the political machines; for the bulk of these swollen incomes are regarded to be political funds. In Allegheny County the organization is reported to be willing to compromise by cutting the fees in half!

Municipal Miracles in Fredericksburg, Virginia.—The final meeting for 1932 of the city council of Fredericksburg, Va., a city of 6,819 people (1930), resulted in a very unusual combination of governmental achievements, according to the Richmond, Va., *Times-Dispatch*.

The 1933 budget, passed at this time, called for the continuation of a tax rate ($1.50 on 50 per cent assessment) said to be the lowest in the state; continuation of water rates that claim the same distinction; and reduction of the rate for gas furnished by the municipal plant. It was found unnecessary to cut any city salaries or to curtail city activities. Besides approving this budget, the council unanimously reëlected L. J. Houston, Jr., as city manager for the fourteenth successive year—seemingly a highly appropriate action. During Mr. Houston's fourteen-year incumbency, Fredericksburg has undergone an extensive program of public improvements, at the same time reducing its debt $200,000.